



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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October 14, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 76093
DEPARTMENT OF HEALTH SERVICES
38350 40th STREET, PALMDALE
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

Lease No. 76093, approved by the Board on May 8, 2007, is being amended to request authority to re-allocate the Parking Facility Improvement Advance (PFIA) of \$250,000 to the Additional Tenant Improvement (TI) Allowance to enable the commencement and completion of Tenant Improvements (Improvements) associated with the lease for the South Valley Medical Center located at 38350 40th Street West, Palmdale.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign Amendment No. 1 to Lease No. 76093, and authorize the Chief Executive Office (CEO) to reallocate up to \$250,000 from the PFIA to the Additional TI Allowance in the lease budget and reimburse the Antelope Valley Hospital District (Landlord), up to a maximum of \$250,000 (the PFIA Amount) for Improvements, upon the Landlord's completion and acceptance by the County of the Improvements.

"To Enrich Lives Through Effective And Caring Service"

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Intra-County Correspondence Sent Electronically Only*

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 8, 2007, your Board approved a ten-year lease for the Department of Health Services (DHS) to extend and expand medical and clinic operations at the South Valley Medical Clinic. The approved lease is for 20,480 square feet of space with parking for 80 vehicles included in the base rent at an initial annual rent amount of \$486,196 including repayment of Improvements and PFIA.

The Landlord has completed final working drawings and has bid the construction project as stipulated in the lease and received three bids from qualified contractors. Each of the bids exceeded the maximum funding provided in the lease by a minimum of \$250,000. At the request of the County, the Landlord conducted a second request for bids which again exceeded the approved funding by a minimum of \$100,000. The approved lease had PFIA funding approved for facility parking improvements in the amount of \$250,000 which DHS is requesting be re-allocated towards the Additional TI Allowance. If funds are re-allocated from the PFIA, the department will work to complete parking improvements with any unused funds or look to future funding sources to undertake parking improvements.

FISCAL IMPACT/FINANCING

The \$250,000 proposed to be used for Improvement costs was approved by your Board on May 8, 2007 as PFIA. Funding for this project was included in the FY 2008-09 adopted budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Landlord has met all requirements of the lease relating to the construction phase of the project and cannot proceed until the County authorizes funding that covers the cost of the scope of work requested in the County's plans and specifications. The Landlord wishes to commence construction of the Improvements to facilitate the commencement of the move by DHS in a timely fashion. The lease provides penalties for construction delays caused by either party and the County may be liable for additional costs associated with the lease if the project is not processed timely to completion.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed request for authority to have the PFIA of \$250,000 added to the Additional TI Allowance previously approved on May 8, 2007, is in the best interest of the County. DHS concurs in this lease recommendation.

The Honorable Board of Supervisors
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two certified copies of the Minute Order and adopted stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:WLD
CEM:TS:hd

Attachment (1)

c: County Counsel
Auditor-Controller
Department of Health Services
Internal Services Department

38350 40th Street.b

**AMENDMENT NO. 1 TO LEASE No. 76093
38350 40th STREET, PALMDALE
DEPARTMENT OF HEALTH SERVICES**

This Amendment No. 1 to Lease ("Amendment" or "Amendment No. 1") is made and entered into this _____ day of _____, 2008, by and between ANTELOPE VALLEY HOSPITAL DISTRICT ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

RECITALS:

WHEREAS, the parties have entered into that certain Lease No. 76093 dated April 1, 2007, for clinic and office space together with adjacent surface parking for 80 spaces for Lessee's exclusive use located at 38350 40th Street, Palmdale (the "Lease"), and,

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, the Lessor and Lessee hereby agree as follows:

2. Paragraph 19.6 PARKING FACILITY DESIGN AND CONSTRUCTION COSTS of the Work Letter, shall be amended so as to add the following:

Notwithstanding anything to the contrary contained herein, Tenant may, in its sole discretion, elect to have all or any portion of the Parking Facility Advance (as hereinafter defined) added to the Additional Tenant Improvement Allowance, to be applied towards any of the Tenant Improvements contemplated herein (rather than to the Parking Facility) and repaid in the manner provided herein. Tenant shall give written notice of its election to exercise this right.

3. All other terms and conditions of the Lease shall remain the same and in full force and effect.

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IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

ANTELOPE VALLEY HEALTHCARE DISTRICT

By: 

ATTESTED:

SACHI A HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

LESSEE:

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

APPROVED AS TO FORM:

County Counsel
RAYMOND G. FORTNER JR.

By: 
Amy M. Caves
Deputy